



For Immediate Release

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**Senator Gregg's Opening Statement
at Budget Committee Hearing on Long-Term Outlook
and Sources of Growth in Health Care Spending
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Mr. Chairman, again I congratulate you for holding a hearing that is critical and topical to what is the primary fiscal problem we confront as a nation and obviously it involves a lot of social policy, too. And that is the cost of health care and the way it is going to affect the capacity of this government to be affordable for our children and our children's children. And it is nice to have the former chairman and the ranking member of the Health Committee here, because he is obviously playing a huge role in how this gets moved forward.

The Chairman has touched base on a number of key areas and I would just reinforce what he said by taking a slightly tangential approach. Health care is not like Social Security. Social Security has five or six moving parts. We know how to fix Social Security; all it requires is the political will. If you put the right people in the room, we could solve Social Security in probably half an hour, or significantly improve it.

Health care, on the other hand, is an incredibly complex matrix of moving parts, which is constantly moving and changing because of the fact that diseases change, the ability to know how to address them changes, life expectancy changes, and of course, research and development in health care is having a massive impact on both cost and quality, in many ways positive, in some ways not so positive on the cost side. But in any event, it's not something that there is a magic wand for. There are not four or five adjustments.

So I don't subscribe to the Big Bang theory of solving the health care issue. I think you've got to do it with major incremental steps, find an area where you can address something you know isn't working and try to improve it.

For example, working with Senator Clinton, we introduced something called the *Medicare Quality Enhancement Act*, which would make available to purchasers Medicare statistical data that would be collected in a central place and then be available to people who wanted to purchase health care so that they would know whether this hospital or this group of physicians or this procedure was more cost-efficient and produced better quality than the other hospital or group of physicians or procedure. And that type of information

is critical. It's part of the transparency effort. And unfortunately it's being held up now in a bigger issue with the Health IT bill.*

In addition, things that are being done, for example, by Dr. Wennberg at Dartmouth, where they are basically developing an atlas of how much it costs and what types of results occur across this country in different health provider groups, is absolutely critical information and then using that information effectively through transparency and making it available to people who purchase the health care services, is absolutely critical.

So there are specific things we can do. And we should do them, and line them up and knock them off one by one. And one of the things we can do, and I mentioned this yesterday, is use the reconciliation instruction strength of this committee to start to move on specific areas where we can take action which will help bring into balance the cost of health care.

And I point again to the proposal of the Administration last year, which I think was terribly reasonable, that we require high-income individuals to reimburse part of the cost of their Part D premium. It is just beyond me why a person working in a restaurant or a person working in a factory or a person working at any job that doesn't pay dramatic sums of money should have to underwrite people who do make dramatic sums of money such as Warren Buffett or Bill Gates' father, not to pick on those two people, but the fact is, they can afford to pay their Part D premium or a large percentage of it and they should.

Also, I think the Administration proposal last year to recover some of the, what is considered to be, benefit that has resulted in the health care community as a result of technology improvements, and cost savings as a result of that. Not all of that benefit is being asked to be recovered but the taxpayers ought to get some of that back. So there are specific things we can do using the reconciliation instructions to energize that effort. And I hope we will look at that as we mark up the budget.

But I think in making these decisions what we need is good information. You can't make decisions unless you have good information. That's why what Dr. Orszag and his team are doing at CBO in this area is so critical, and that's why I think this hearing is so important because it will give us the information off of which hopefully we can build some of this significant instrumental policy to try to get this issue under control. So I thank Dr. Orszag for being here today.